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Prepared by Alaska State Trade Representative in Korea

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1. Korean Economy

Won hits 2-month high on foreign stock buying: The Korean won reached its strongest level against the U.S. dollar in more than two months yesterday on the back of heavy stock purchases by foreign investors this week. The won closed at 1,171.60 to the U.S. dollar yesterday, more expensive than its 1,176.20 close Tuesday, and its highest level since mid-November.

The rise in the won seemed to have worried government officials, who fear that rapid gains in the won will curb exports, the main linchpin of the economy, by making domestic goods shipped overseas more expensive and thus threaten growth. The government, however, insists it is leaving exchange rates to the market and that its interventions are limited to countering the actions of "currency speculators," whom it accuses of driving up the value of the won.

While major currencies like the Euro and the yen have strengthened against a falling U.S. dollar, as the U.S. government appears to have abandoned its previous strong dollar policy, the Korean won has weakened.

The Finance Ministry introduced further measures earlier this month to curb trading, including placing limits on won holdings by banks.

But most analysts expect the won to strengthen gradually as the government finds it harder to continue interventions amid soaring domestic foreign exchange reserves, which could lead to an increase in inflation. Furthermore, analysts are warning that governments that try to prop the greenback to maintain trade competitiveness could widen the U.S. current account deficit, imperiling the health of what is considered the engine of the global economy.

Some also note that the government may slow its interventions ahead of next week's meeting of the Group of Seven, a group comprising the world's wealthiest nations. The market is currently speculating as to whether the G7 will issue a statement on currencies, which may include a warning to Asian governments to stop intervening in their currencies.

Most importantly, analysts believe that a strengthening of the won is inevitable given the improving economic fundamentals, with consensus forecasts expecting 5 percent growth in 2004, partly on the back of an expected recovery in domestic consumption by the second half this year.

(Source: January 29, 2004, the Korea Herald, Seoul, Korea)

Economic Prospects for 2004: Economic conditions are expected to improve as domestic consumption gradually recovers and export growth momentum continues to build as the global economy has improved.

Export growth has continued to be robust as such major industries as IT, automobiles and steel have performed well and global trade increases. The need for facility investment is increasing as production expands and is expected to regain momentum as the IT industry picks up and investment in next generation industries increase. The sluggish domestic consumption is expected to recover after a period of gradual correction in the second half of 2004.

Excessive optimism is unlikely, however, given persistent risk factors that could delay economic recovery.

A rebound in corporate investment sentiment, for example, could be delayed due to political uncertainties surrounding the upcoming general election.

Pending financial market issues, including mounting credit card debt and delinquencies, could have an adverse impact on consumption recovery.

(Source: December 30, 2003, the Ministry of Finance and Economy, Republic of Korea)

2. Fisheries News in Korea

The Busan Port Authority Was Officially Launched: The Busan Port Authority (BPA) was officially inaugurated on January 16, 2004, with the unveiling ceremony of the authority's tablet, attended by President Roh Moo Hyun, Minister for Maritime Affairs and Fisheries Chang Seung Woo and acting Mayor of Busan Oh Geo Don.

The drastic shift of the Korean government that change Busan Ports' state-run system to the Port Authority (PA) regime is expected to open a new chapter in the history of Busan Port, the nation's largest and the 5th largest container harbor in the world. Independent from central or local governments, the Port Authority would conduct port management, operation and development autonomously in accordance with corporate accounting methods.

The state-run system has been pointed out that it was unable to promptly respond to a rapidly changing international logistics environment.

To have a competitive edge, Republic of Korea is supposed to fiercely contend to become the main hub port in Northeast Asia with an elastic management system, which is required to cope

with the changes in demands of port users and conditions of international logistics.

Therefore, an introduction of the Port Authority to Busan Port is expected to make financing of port development easier and guarantee timely investment in the expansion of port facilities, by ensuring participation of the relevant local governments and port users in the decision-making process.

Since the legislation of the Port Authority Act of May, 2003, the Ministry of Maritime Affairs and Fisheries has set up a Port Authority Committee for the effective preparation for the BPA; the hiring of the president, officials, and agents; the investment of national properties; the appointment of port commissioners and the registration of incorporation.

The Port Authority will carry out duties which have been assumed by the Busan Regional Maritime Affairs and Fisheries Office and the Korea Container Terminal Authority. They include leasing port facilities and equipment, operating and managing the information system of the port (PORT-MIS), marketing and training harbor employees.

The net revenue of the BPA is estimated to be at least 160 billion won per annum. In cooperation with local governments, the BPA plans to maximize synergy effects with local economies through its port logistics industry.

In the long term, the BPA aims to create new businesses and develop itself as an international logistics-oriented center. Like the Port Authorities in New York and New Jersey, the Busan Port Authority will promote new businesses, such as construction of port-related highways and bridges, and the collection of port use fees. The port of Busan will also develop into an international logistics center through the establishment of the Asia Shipping Center.

At last, the five-year efforts for the foundation of the Busan Port Authority will come to fruition. It will be a historical moment in the management of Korean ports.

(Source: January 19, 2004, the Ministry of Marine Affairs and Fisheries, Republic of Korea)

Statistical Data: Korea's fisheries trade

(Unit: Metric Tons, US \$1,000)

Year	Imports		Exports	
	Volume	Value	Volume	Value
1997	522,381	1,045,474	509,090	1,492,588
1998	375,224	587,481	590,390	1,369,014
1999	746,327	1,178,968	475,644	1,520,534
2000	749,191	1,410,598	533,824	1,504,470
2001	1,056,252	1,648,372	435,691	1,273,619
2002	1,186,400	1,884,417	429,884	1,160,435

Imports are based on CIF values and Exports are based on FOB values.

(Source: Statistical Yearbook of Maritime Affairs and Fisheries 2003)

Fishery Shares the Winner in Mad Cow, Bird Flu Debacle: The share prices for domestic ocean-going fishery firms have been rising sharply, a positive side-effect from the spread of avian influenza (called the "bird flu") across the nation and from the outbreak of mad cow disease in the United States.

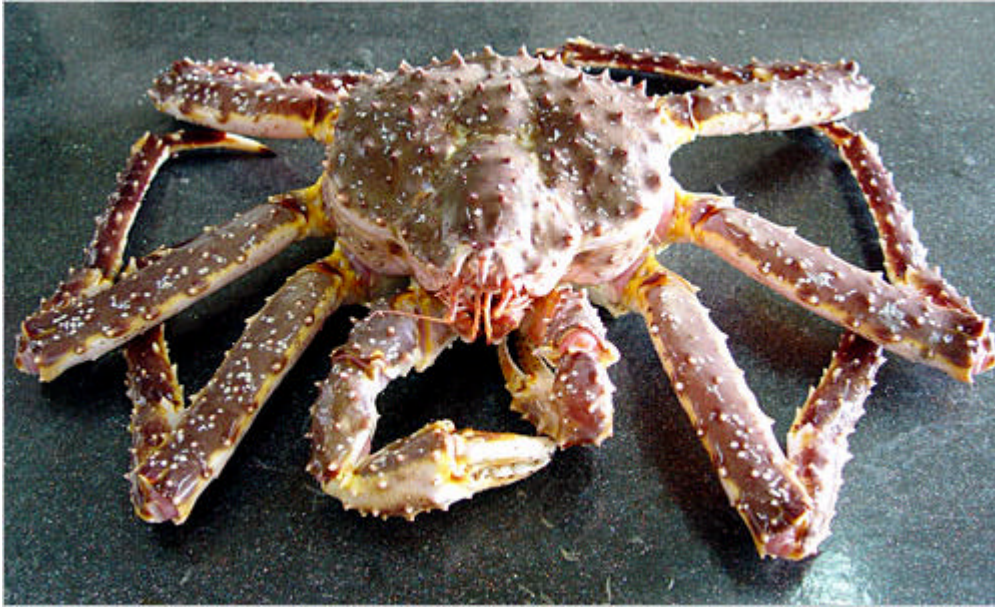
Market analysts said that the upsurge in fishery shares was attributed to expectations that consumers would shun chicken, beef and pork for the time being while pigging out, so to speak, on fish.

The shares of major fisheries, including Daerim Corp., Dongwon Fisheries, Oyang Corp., Sajo, and Hansung Enterprise, jumped by their daily limit Friday. Since Monday, when the news of the deadly bird flu hit the market, the share prices of the fisheries have continued to surge by their daily limit for four consecutive days, except Christmas Day, when the share market was closed.

On the four-day rally, the share prices of Dongwon Fisheries, a leading ocean-going fishery firm, soared from W2,520 a share to W4,390, while shares of Sajo went up from W3,365 to W5,860 and for Oyang, from W1,660 to W2,890, up an average 74 percent.

An analyst at Daewoo Securities said, however, that investors should be cautious not to recklessly buy up fishery shares, as the share price increase seems to be a temporary phenomenon.

(Source: December 26, 2003, the Chosun Daily, Seoul, Korea)



The existence of king crabs (*Paralithodes camtschaticus*), which had been thought to be extinct in Korea, were confirmed off the coast of Uljin, North Gyeongsang Province, for the first time in 40 years. Twenty-five king crabs have been caught recently.

(Source: January 29, 2004, the Chosun Daily, Seoul, Korea)

3. The Update on Wholesale Fisheries Market in Korea

Weekly Trend of Garak-Dong Wholesale Fisheries Market in Seoul: (January 12 - 17, 2004)

The Average price index of fisheries was 104.75 during the above week, 5.25 up from the previous week.

The followings are the average price index by species:

Fish: 94.76	Shellfish: 135.61	Mollusks: 116.16
Crustaceans: 105.72	Freshwater Fish: 81.03	Dried Fish: 97.00

The average fish price went up to 8.19 from the previous week.

- Early Week: While the prices of plaice, pomfret, hard-finned sandfish went up due to good size and freshness, the price for chub mackerel went down due to increase in supply. Fresh mackerel from local Jeju Island were traded mainly as large and its price remained the same as the previous week.
- Mid-week: as the supply of imported Alaska Pollock, mackerel, plaice, and imported saury

- decreased, the price went up. More supply of chub mackerel led to decrease in price.
- End of the week: Less supply of angler, sweet smelt, and herring made their prices decrease. The price of atka mackerel went down due to increase in stock by more supply.

As the Lunar New Year holiday(1/21-23) came closer, the government released its stock of the following species to the market in order to stabilize the prices:

Mackerel – 31 tons,
 Alaska Pollock – 27 tons
 hair tail – 3.4 tons
 yellow corvina – 0.3 tons

The price for frozen Alaska Pollock was W 22,000 per 20-kg-box (approx. US\$.43 per lb) for medium.

(Source: The Garakdong Fisheries Wholesale Market, Seoul, Korea)